

SYLVAN TOWNSHIP, OSCEOLA COUNTY

EYART, MICHIGAN

MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Sylvan Township	County Osceola
Audit Date 3/31/04	Opinion Date 6/2/04	Date Accountant Report Submitted to State: June 18, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

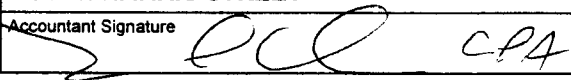
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) BAIRD, COTTER AND BISHOP, P.C.			
Street Address 134 W. HARRIS STREET	City CADILLAC	State MI	ZIP 49601
Accountant Signature 		Date 6/18/04	

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

Baird, Cotter and Bishop, P.C.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

June 2, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
Sylvan Township
Osceola County
Ewart, Michigan

We have audited the accompanying general-purpose financial statements of Sylvan Township, Osceola County, Ewart, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the Township's policy is to prepare its general-purpose financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of Sylvan Township, Osceola County, Ewart, Michigan as of March 31, 2004, and the cash receipts received and cash disbursements it paid for the year then ended on the basis of accounting described in Note I.B.

Our examination was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the examination of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

ALL FUND TYPES AND ACCOUNT GROUP

MARCH 31, 2004

	GOVERNMENTAL FUND TYPE GENERAL	FIDUCIARY FUND TYPE AGENCY
<u>ASSETS</u>		
Cash		
Commercial Account	\$ 3,065	\$ 43
Money Market Account	37,092	0
Certificates of Deposit	103,561	0
Taxes Receivable	3,084	0
Land	0	0
Buildings	0	0
Furniture, Fixtures and Equipment	0	0
	<hr/>	<hr/>
TOTAL ASSETS	\$ 146,802	\$ 43
	<hr/>	<hr/>
<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES</u>		
Payroll Withholding	\$ 346	\$ 0
Deferred Revenue	3,084	0
	<hr/>	<hr/>
Total Liabilities	\$ 3,430	\$ 0
	<hr/>	<hr/>
<u>EQUITY</u>		
Investment in General Fixed Asset	\$ 0	\$ 0
Balance		
Unreserved		
Designated for Cemetery Maintenance	5,838	0
Undesignated	137,534	43
	<hr/>	<hr/>
Total Equity	\$ 143,372	\$ 43
	<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY	\$ 146,802	\$ 43
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

EXHIBIT A

ACCOUNT GROUP GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
\$ 0	\$ 3,108
0	37,092
0	103,561
0	3,084
10,686	10,686
15,539	15,539
20,809	20,809
<u>\$ 47,034</u>	<u>\$ 193,879</u>
\$ 0	\$ 346
0	3,084
<u>\$ 0</u>	<u>\$ 3,430</u>
\$ 47,034	\$ 47,034
0	5,838
0	137,577
<u>\$ 47,034</u>	<u>\$ 190,449</u>
<u>\$ 47,034</u>	<u>\$ 193,879</u>

SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Taxes	\$ 29,091
Licenses and Permits	203
State Grants	72,046
Charges for Services	780
Interest and Rents	2,282
Other Receipts	159
	<hr/>
Total Receipts	\$ 104,561

DISBURSEMENTS

Legislative	
Township Board	\$ 6,053
General Government	
Supervisor	8,083
Assessor	13,681
Clerk	10,442
Board of Review	1,240
Treasurer	11,495
Building and Grounds	4,337
Cemetery	2,843
Public Safety	15,085
Public Works	30,000
Recreation and Cultural	750
Other Functions	5,244
	<hr/>
Total Disbursements	\$ 109,253

Excess of Receipts Over (Under) Disbursements	\$ (4,962)
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<u>BALANCE</u> - Beginning of Year	<hr/> 148,064
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<u>BALANCE</u> - End of Year	\$ <hr/> <hr/> 143,372
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The accompanying notes are an integral part of these financial statements.

SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 28,229	\$ 29,091	\$ 862
Licenses and Permits	20	203	183
State Grants	80,000	72,046	(7,954)
Charges for Services	400	780	380
Interest and Rents	3,400	2,282	(1,118)
Other Receipts	204	159	(45)
Total Receipts	\$ 112,253	\$ 104,561	\$ (7,692)
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 8,166	\$ 6,053	\$ 2,113
General Government			
Supervisor	8,583	8,083	500
Assessor	13,828	13,681	147
Clerk	11,619	10,442	1,177
Board of Review	2,200	1,240	960
Treasurer	12,853	11,495	1,358
Building and Grounds	5,100	4,337	763
Cemetery	5,900	2,843	3,057
Public Safety	17,758	15,085	2,673
Public Works	30,000	30,000	0
Recreation and Cultural	750	750	0
Other Functions	5,775	5,244	531
Total Disbursements	\$ 122,532	\$ 109,253	\$ 13,279
Excess of Receipts Over (Under) Disbursements	\$ (10,279)	\$ (4,692)	\$ 5,587
<u>BALANCE</u> - Beginning of Year	10,279	148,064	137,785
<u>BALANCE</u> - End of Year	\$ 0	\$ 143,372	\$ 143,372

The accompanying notes are an integral part of these financial statements.

SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Sylvan Township is a general law township located in Osceola County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for this fund which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund type:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

I. The Township has authorized the Treasurer to invest the Township funds as follows:

- a. In bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States.
- b. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is approved by the township.
- c. In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. In repurchase agreements consisting of instruments listed in subdivision (a).
- e. In bankers' acceptances of United States banks;
- f. In obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.

SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

- g. In mutual funds registered under the investment company act of 1940, title I of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. This authorization is limited to securities whose intention is to maintain a net asset value of \$1 per share.
- h. In obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. In investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.
- j. In investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.
- II. A public corporation that invests its funds under subsection (I) shall not deposit or invest the funds in a financial institution that is not eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.

Assets acceptable for pledging to secure deposits of public funds are limited to assets authorized for direct investment under subsection (I).

As used in this section "financial institution" means a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.

2. Receivables and Payables

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received.

3. Fixed Assets

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

4. Fund Equity

The unreserved balance for governmental funds represent the amount available for budgeting future operations. The designated balance for governmental funds represent tentative plans for future use of financial resources.

5. Use of Estimates

This presentation of financial statements on the modified cash basis of accounting requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reported period. Actual results could differ from those estimates.

6. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on April 1, 2003 or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year-end, the carrying amount of the Township's regular deposits was \$143,761 and the bank balance was \$144,022, of which \$106,579 was covered by federal depository insurance and the remaining \$37,443 was uninsured and uncollateralized.

The Township's deposits at year-end are shown below:

	GENERAL FUND	CURRENT TAX COLLECTION FUND
Central Michigan Community Federal Credit Union Clare, Michigan		
Commercial Account	\$ 3,065	\$ 43
Money Market Account	37,092	0
Certificates of Deposit	103,561	0
TOTAL	<u>\$ 143,718</u>	<u>\$ 43</u>

B. Fixed Assets

Activity in the general fixed assets account group for the township for the year ended March 31, 2004, was as follows:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
Land	\$ 10,686	\$ 0	\$ 0	\$ 10,686
Buildings	14,539	1,000	0	15,539
Furniture, Fixtures and Equipment	18,414	2,395	0	20,809
	<u>\$ 43,639</u>	<u>\$ 3,395</u>	<u>\$ 0</u>	<u>\$ 47,034</u>

SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

C. Joint Fire District

The Township is a member of the Evert Area Joint Fire Department. The Fire Board maintains the records for the fire department. The Township's assessment for support of the fire department for 2003-2004 was \$14,027. The fire district also charges the Township for fire runs made in the Township. The fire district is a joint venture supported by the City of Evert and the Townships of Evert, Orient, Osceola and Sylvan. The financial statements of the fire district are included in the City of Evert's comprehensive annual financial report. The following information was taken from the City of Evert's June 30, 2003 audited financial statements.

Total Assets	\$ 122,348
Total Liabilities	804
Fund Balance	121,544
Total Revenues	68,245
Total Expenditures	65,666
Transfers In	36,511
Net Increase (Decrease) in Fund Balance	39,090

A copy of these financial statements may be obtained upon request from the Evert City Treasurer.

D. Current Tax Collection Balance

The balance of \$43 remaining in the current tax collection fund at March 31, 2004, consists of interest earnings, and late payment penalties which are to be transferred to the Township general fund.

IV. OTHER INFORMATION

A. Property Taxes

The Township levied 0.8629 mills on a state taxable valuation of \$22,917,994 on the 2003 tax roll.

Properties are assessed January 1, and the related property taxes become a lien on December 1 of the same year. These taxes are due on or before February 14 with a final collection date of February 28, before they are added to the county tax rolls. Property taxes levied December 1 which are collected prior to the end of the Township's fiscal year, are recognized as income in the year in which they are levied.

SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

B. Interest Income and Expense

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 1,782	\$ 0

Note - Interest income earned in the Current Tax Collection Fund is periodically transferred to the General Fund and is shown above as General Fund interest income.

C. Risk Management

The Township has purchased commercial insurance policies in order to minimize any potential risk of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters.

D. Road Commission Contract

The Township entered into an agreement in 2003 with the Osceola County Road Commission for improvements to 20th Avenue. The total cost of the project to the Township was \$39,800. At March 31, 2004, the Township still owes \$9,800 of this payable on demand without interest.

SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

GENERAL FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ 3,065
Money Market Accounts	37,092
Certificates of Deposit	103,561
Taxes Receivable	3,084
	<hr/>
TOTAL ASSETS	\$ 146,802

LIABILITIES AND EQUITY

LIABILITIES

Payroll Withholdings	\$ 346
Deferred Revenue	3,084
	<hr/>
Total Liabilities	\$ 3,430

EQUITY

Balance	
Reserved for Cemetery Maintenance	\$ 5,838
Unreserved	137,534
	<hr/>
Total Equity	\$ 143,372

TOTAL LIABILITIES AND EQUITY	\$ 146,802
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SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

GENERAL FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 28,229	\$ 29,091	\$ 862
Licenses and Permits	20	203	183
State Grants	80,000	72,046	(7,954)
Charges for Services	400	780	380
Interest and Rents	3,400	2,282	(1,118)
Other Receipts	204	159	(45)
Total Receipts	\$ 112,253	\$ 104,561	\$ (7,692)
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 8,166	\$ 6,053	\$ 2,113
General Government			
Supervisor	8,583	8,083	500
Assessor	13,828	13,681	147
Clerk	11,619	10,442	1,177
Board of Review	2,200	1,240	960
Treasurer	12,853	11,495	1,358
Building and Grounds	5,100	4,337	763
Cemetery	5,900	2,843	3,057
Public Safety	17,758	15,085	2,673
Public Works	30,000	30,000	0
Recreation and Cultural	750	750	0
Other Functions	5,775	5,244	531
Total Disbursements	\$ 122,532	\$ 109,253	\$ 13,279
Excess of Receipts Over (Under) Disbursements	\$ (10,279)	\$ (4,692)	\$ 5,587
<u>BALANCE</u> - Beginning of Year	10,279	148,064	137,785
<u>BALANCE</u> - End of Year	\$ 0	\$ 143,372	\$ 143,372

SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes	\$ 16,719	
Commercial Forest Reserve	2,729	
Property Tax Administration Fee	4,850	
Delinquent Property Taxes	4,009	
Late Payment Penalties and Interest	457	
Payments in Lieu of Taxes		
Swamp Tax	<u>327</u>	
Total Taxes		\$ 29,091

LICENSES AND PERMITS

Non-business Licenses and Permits	\$ 175	
Dog Licenses	<u>28</u>	203

STATE GRANTS

State Revenue Sharing		
Sales and Use Tax		72,046

CHARGES FOR SERVICES

Sales - Cemetery Lots		780
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INTEREST AND RENTS

Interest Earnings	\$ 1,782	
Hall Rental	<u>500</u>	2,282

Total Interest and Rents

OTHER RECEIPTS

Refund and Rebates	\$ 116	
Miscellaneous	<u>43</u>	<u>159</u>

TOTAL RECEIPTS \$ 104,561

SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages	\$	2,316
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Other Services and Charges

Contracted Services		2,727
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Dues and Subscriptions		486
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Miscellaneous		464
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Education and Training		60
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Total Legislative	\$	6,053
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GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages	\$	8,083
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Assessor

Personal Services

Salaries and Wages - Assistant	\$	7,545
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Supplies

Office Supplies		1,593
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Other Services and Charges

Printing and Publishing		1,923
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Miscellaneous		225
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Capital Outlay

Equipment		2,395
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Total Assessor		13,681
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Clerk

Personal Services

Salaries and Wages	\$	9,868
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Salaries and Wages - Deputy		100
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Supplies

Office Supplies		374
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Other Services and Charges

Education and Training		100
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Total Clerk		10,442
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SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

Board of Review			
Personal Services			
Salaries and Wages		\$	1,240
Treasurer			
Personal Services			
Salaries and Wages	\$	9,818	
Salaries and Wages - Deputy		284	
Supplies			
Office Supplies		1,093	
Other Services and Charges			
Printing and Publishing		300	
Total Treasurer			11,495
Building and Grounds			
Personal Services			
Salaries and Wages	\$	215	
Supplies			
Operating Supplies		55	
Other Services and Charges			
Repairs and Maintenance		236	
Telephone		332	
Public Utilities		2,199	
Snow Removal		300	
Capital Outlay			
Building Improvement		1,000	
Total Building and Grounds			4,337
Cemetery			
Personal Services			
Salaries and Wages	\$	961	
Supplies			
Operating Supplies		635	
Other Services and Charges			
Contracted Services		286	
Repairs and Maintenance		804	
Public Utilities		157	
Total Cemetery			2,843
Total General Government			52,121

SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

PUBLIC SAFETY

Fire Department

Personal Services

Salaries and Wages

\$ 1,058

Other Services and Charges

Contracted Services

14,027

Total Public Safety

15,085

PUBLIC WORKS

Highways, Streets, Bridges

Other Services and Charges

Repairs and Maintenance

30,000

RECREATION AND CULTURAL

Library

Other Services and Charges

Aid to Other Governments

750

OTHER FUNCTIONS

Insurance and Bonds

\$ 1,211

Employee Benefits

Medicare and Social Security

3,184

Worker's Compensation

849

Total Other Functions

5,244

TOTAL DISBURSEMENTS

\$ 109,253

SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ <u>43</u>

EQUITY

Balance	\$ <u>43</u>
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SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections	\$ 485,490	
Delinquent Tax Collections	441	
Property Tax Administration Fee	4,850	
Dog Licenses	135	
Late Payment Penalties	267	
Interest Earnings	156	
Overpayments from Taxpayers	2,009	
Total Receipts		\$ 493,348

DISBURSEMENTS

Payments to County Treasurer		
Current Tax	\$ 177,630	
Delinquent Tax	441	
Dog Licenses	135	
	\$ 178,206	
Payments to Township Treasurer		
Current Tax	\$ 16,719	
Property Tax Administration Fee	4,850	
Late Payment Penalties and Interest	457	
		22,026
Payments to School Treasurer		
Current Tax		
Evert Public Schools	\$ 204,719	
Marion Public Schools	6,145	
		210,864
Payments to Intermediate School Treasurer		
Current Tax		
Mecosta-Osceola Intermediate School	\$ 78,171	
Wexford-Missaukee Intermediate School	2,106	
		80,277
Bank Charges		49
Refund Overpayments from Taxpayers		2,009
		493,431
Excess of Receipts Over (Under) Disbursements		\$ (83)
<u>BALANCE</u> - Beginning of Year		126
<u>BALANCE</u> - End of Year		\$ 43

SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land	\$ 10,686	\$ 0	\$ 0	\$ 10,686
Buildings	14,539	1,000	0	15,539
Furniture, Fixtures and Equipment	18,414	2,395	0	20,809
	<u>\$ 43,639</u>	<u>\$ 3,395</u>	<u>\$ 0</u>	<u>\$ 47,034</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 43,639</u>	<u>\$ 3,395</u>	<u>\$ 0</u>	<u>\$ 47,034</u>

SYLVAN TOWNSHIP, OSCEOLA COUNTY
EVART, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES ASSESSED

County	\$	210,393	
Township		19,803	
Schools			
Ewart Public Schools		238,736	
Marion Public Schools		6,788	
Intermediate Schools			
Mecosta-Osceola Intermediate School		92,552	
Wexford-Missaukee Intermediate School		2,549	\$ 570,821

TAXES COLLECTED

County	\$	177,630	
Township		16,719	
Schools			
Ewart Public Schools		204,719	
Marion Public Schools		6,145	
Intermediate Schools			
Mecosta-Osceola Intermediate School		78,171	
Wexford-Missaukee Intermediate School		2,106	485,490

TAXES RETURNED DELINQUENT

County	\$	32,763	
Township		3,084	
Schools			
Ewart Public Schools		34,017	
Marion Public Schools		643	
Intermediate Schools			
Mecosta-Osceola Intermediate School		14,381	
Wexford-Missaukee Intermediate School		443	\$ 85,331

Baird, Cotter and Bishop, P.C.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

June 2, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Sylvan Township
Osceola County
Ewart, Michigan

During the course of our audit of the general-purpose financial statements of Sylvan Township for the year ended March 31, 2004, we noted the following items:

General Recordkeeping

The accounting records for the year ended March 31, 2004, were found to be in good order and in compliance with the State's uniform accounting system. We compliment the clerk and treasurer for a job well done.

GASB 34

The Governmental Accounting Standards Board (GASB) has issued Statement No. 34. We are available to assist the Township with its GASB 34 requirements as the implementation date of March 31, 2005 draws nearer.

Property Tax Administration Fees

The Township has begun to collect Property Tax Administration Fees (PTAF). Since the cost of collecting property taxes exceeds the amount collected for the PTAF the Township must annually adopt a resolution to write off the PTAF loss. We can assist you with this resolution if necessary.

We would like to thank the board for awarding our firm the audit assignment of the Township and to thank the Township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

Baird, Cotter and Bishop, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

June 2, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Sylvan Township
Osceola County
Ewart, Michigan

In planning and performing our audit of the general-purpose financial statements of Sylvan Township, Osceola County, Ewart, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.